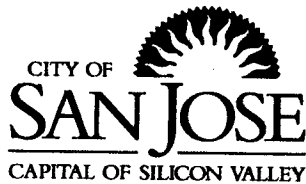


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by City Manager's Office  
*Memorandum*

**TO: HONORABLE MAYOR AND  
CITY COUNCIL**

**FROM: Joseph Horwedel**

**SUBJECT: EVERGREEN EAST HILLS  
VISION STRATEGY**

**DATE: April 27, 2006**

Approved

Date

5/3/06

### INFORMATION

The purpose of this information memo is to provide the Council with an update on the status of the Evergreen East Hills Vision Strategy (formerly Evergreen Visioning Project).

#### Task Force Process

The EEHVS Task Force has conducted 10 public meetings, generally on a monthly basis, from August 2005 through the most recent meeting on April 11, 2006. The Task Force meetings have included the following topics identified in the Council approved work plan:

- Review of background information developed through EVP Task Force process
- Discussion of Evergreen East Hills area market study findings
- Review of trade-off analysis results
- Discussion of development applications (General Plan Amendments and Rezonings)
- Discussion of first draft of Evergreen Development Policy
- Discussion of schools issues
- Review of the EIR process

Due to the scope of Task Force discussion on these items, the following tasks have not been completed to the extent set forth in the work plan:

- Review and discussion of second and third drafts of the Evergreen Development Policy
- Discussion of the EEHVS financing strategy
- Resolution of schools issues
- Obtaining Task Force recommendations on: Evergreen Development Policy and development applications

#### Community Outreach

Since August 2005 staff has participated in 23 meetings (not including the 10 Task Force meetings) to take comments and questions from the public and to provide information on the

status and key elements of the EEHVS. The 23 meetings included: 8 SNI/NAC meetings, 5 neighborhood meetings, 3 general community meetings, 2 workshops, 2 school board meetings, 2 EIR meetings and 1 district community event. The number of attendees at these meetings varied from 5 at the EIR public scoping meeting to 85 at the first general community meeting.

The majority of comments and concerns were related to potential increases in traffic that would come from additional housing. Other concerns included the loss of open space, compatibility of proposed developments with existing developments, and the effect of new development on existing schools.

In addition to community outreach meetings, staff has maintained a growing e-mail distribution list of individuals interested in receiving regular updates on the EEHVS process. Presently the distribution list includes approximately 360 contacts.

The EEHVS website is a continuously updated resource for finding information about the process including announcements, Task Force meeting information, reference materials, the outreach calendar, public comments and pages that are specific to topics like schools, the Evergreen Development Policy and the EIR process.

### Trade-Off Analysis

In June 2005, the City Council directed staff to present the Evergreen East Hills Vision Strategy (EEHVS) Task Force with the framework for a “trade-off” analysis to evaluate the effect of different policy choices (such as residential densities, industrial conversion, and affordable housing) on the ability to pay for transportation investments and amenities; create jobs and economic growth; and achieve other policy objectives.

At the August 31, 2005 Task Force meeting staff introduced the concept of the trade-off analysis with the following key variables: transportation investments and community amenities; total residential development potential and various densities; total retail development potential; amount of industrial land retention options; and affordable housing approaches.

At its December 14, 2005 and January 18, 2006 meetings the Task Force was provided with presentations on the trade-off analysis. The methodology and key assumptions used in the preparation of the trade-off analysis were discussed at the December meeting and the results of the trade-off analysis were presented and discussed at the January meeting. The analysis provided a comparison of the revenue generating capacity for various EEHVS development scenarios and provided information on the potential impacts of policy decisions (i.e., affordable housing, industrial conversion) that are being considered by the Task Force. It was explained to the Task Force that the analysis provides information on the relative financial impact of different policy decisions and that the precise funding ability of the project cannot be determined until the project is more fully defined. The analysis produced two key findings on the ability of the proposed development project to finance proposed transportation investments and community amenities associated with formation of a Community Facilities District (CFD):

- Varying the number of residential units and the amount of industrial retention creates the greatest impact.
- Affordable housing and the amount of retail development cause minimal impact.

### Environmental Impact Report

The public review period for the EEHVS Draft Environmental Impact Report (DEIR) began on February 3, 2006.

In addition to the standard DEIR distribution to the City Council, Planning Commission, City departments and outside agencies, copies of the DEIR were distributed to Task Force members, neighborhood organizations and interested individuals. Copies were also made available at the main library, four branch libraries, City Hall and on the EEHVS website.

A public meeting to present the EEHVS DEIR was held on March 14, 2006. This meeting was the first time the City of San José has held a public meeting to discuss an EIR while the EIR was in the public comment period. The purpose of the meeting was to describe the proposed EEHVS project and dispense information on: 1) the environmental review process, including the EIR commenting process; and 2) key conclusions of the EEHVS EIR.

The DEIR public comment period ended on March 20, 2006. Staff is currently preparing responses to EIR comments.

### Balancing the Equation

At their March and April 2006 meetings the Task Force engaged in an exercise referred to as, “balancing the equation”. In this exercise the Task Force was asked to find consensus around a proposal to balance the appropriate level of new housing development, amount of new amenities, affordable housing requirements, retention of industrial lands, school needs, use of a CFD as a financing mechanism and amount of retail development.

At the April 11, 2006 meeting the Task Force reached a qualified tentative agreement on all of the following key issues:

- Industrial Retention: Retain 0 acres, provided that Hitachi does not object, and that there is an opportunity for the City Council to address the issue of where industrial land should be retained Citywide. Other Task Force input included the suggestion to identify land outside of Evergreen that is not currently designated industrial and convert it to industrial.
- Retail: 300,000 square feet was acceptable, however, the Task Force would like to provide input on the location and type of retail. It remains to be determined if the Task Force intended for office space to be included in the 300,000 square feet of retail.
- Affordable Housing: 12 to 15% average of all sites with a desire by some Task Force members for a higher percentage of affordable housing. With a higher percentage of affordable housing it is the preference of the developers for those units to be moderate-income units rather than low, very low, or extremely low income. There is a desire to create incentives for moderately priced market rate housing beyond the affordable requirement. There is a desire to create affordable housing that generates fewer trips such as senior housing.

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- Community Facilities District: A partial CFD solution may be acceptable if future homebuyers do not see the fees for the CFD on their property tax bill. Other Task Force input suggested that a CFD would be acceptable for the purposes of building schools.
- Schools: An elementary school on the Campus Industrial, Pleasant Hills Golf Course and Arcadia sites with a contribution from the property owners on a solution to the area's high school issues.
- Amenity Package Value: \$232M is acceptable assuming all of the other elements are acceptable, including the number of units. The Task Force is also interested in completing a process for amenity prioritization with the understanding that the amenities are related to the vision that is trying to be achieved for the Evergreen East Hills area.

The Task Force did not reach a tentative agreement on the appropriate level of new residential development.

#### Next Steps

Although the Task Force has made reasonable progress in discussing the various components of the Evergreen East Hills Vision Strategy, it has not completed the approved work plan items in order to bring the project before the Planning Commission and City Council this June as originally scheduled. Based upon the current pace, the EEHVS should be ready for Planning Commission and City Council hearings in September/October 2006.

The following topics should be discussed at yet to be scheduled June and August Task Force meetings: schools issues, jobs/housing (retail), completing the "balancing the equation exercise", the Evergreen Development Policy, and community amenity prioritization.



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